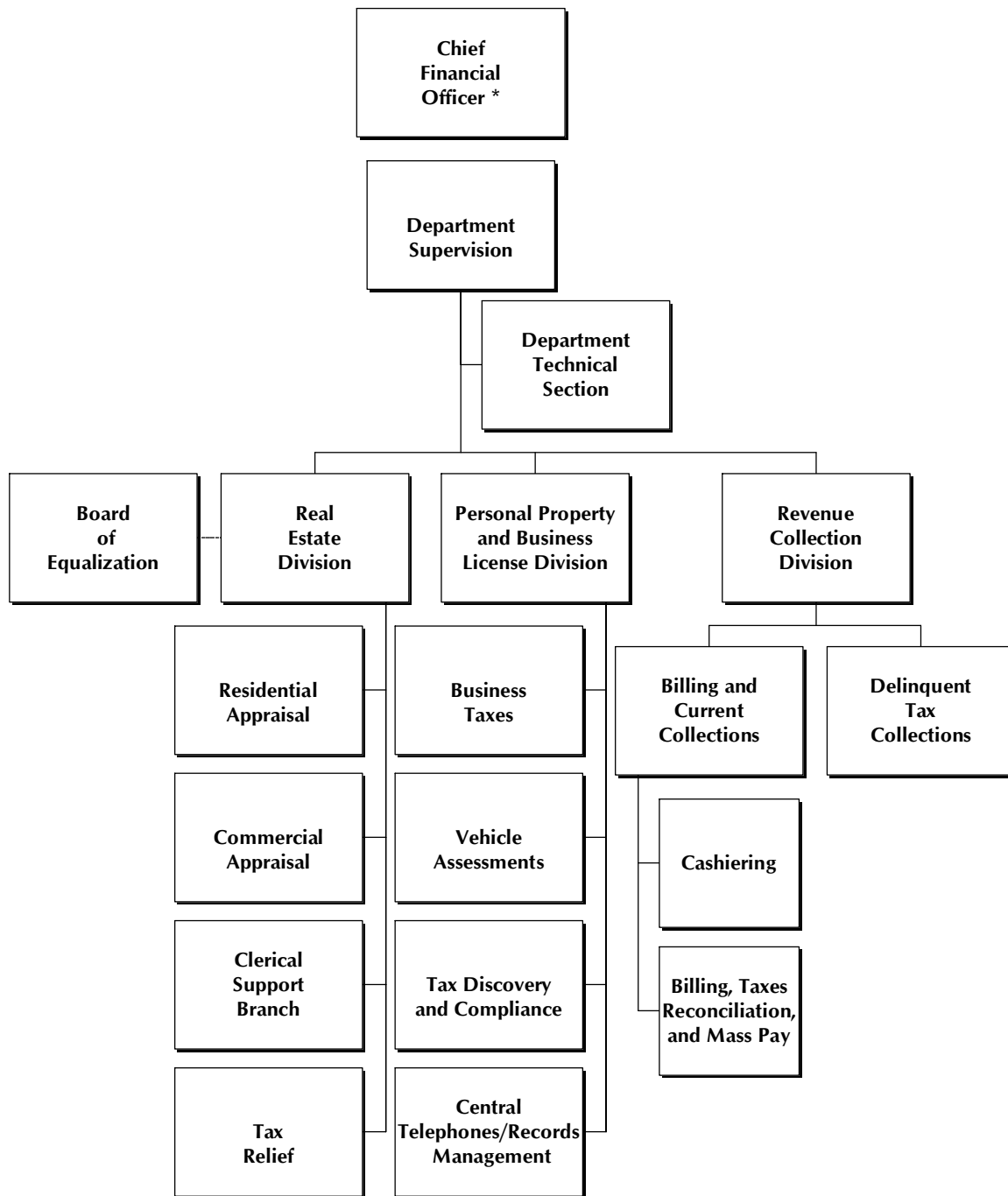


# Department of Tax Administration



\* The Chief Financial Officer has responsibility for strategic direction and oversight of this department; however, for budget purposes, that position and associated funding are reflected within the Department of Management and Budget.

# Department of Tax Administration

## Mission

To uniformly and efficiently assess and collect County revenue, provide high quality customer service and promote an empowered, well-informed community.

## Focus

The Department of Tax Administration (DTA) assesses and collects taxes fairly and in accordance with the relevant County and state codes. The Department is comprised of four main divisions: department supervision; real estate; personal property; and business licenses and revenue collection.

The Supervision Division oversees all DTA operations and takes the lead in the Department's strategic planning and implementation process. As necessary, resources are reallocated across division boundaries to ensure that taxes are properly billed, collection rates remain strong and customer service remains responsive to taxpayers. Increased automation has been used where possible to address fewer staff and budgetary resources. Successful efforts include the automation of the TARGET hotline to report tax evaders in FY 2004. This program increased efficiency and responsiveness while accommodating a significant staff reduction. Beginning in FY 2004, the Advance Decal program streamlined the way vehicle decals were distributed. Under this program, vehicle decals were mailed with the owner's personal property tax bill, provided the owner does not owe any delinquent taxes or have any outstanding parking tickets, rather than after the County received payment. Customer service was improved and significant savings in terms of staff time and postage have been realized. In FY 2005, this division will continue to focus on efforts to increase secure access to pertinent tax information to better empower citizens to conduct business in a 24/7 environment and enable DTA to "do more with less".

### THINKING STRATEGICALLY

Strategic issues for the Department include:

- o Reliably forecast, assess and collect current and delinquent County revenue;
- o Maintain high quality customer service;
- o Maintain average assessment-to-sales ratio in the low 90's as January 1 each year;
- o Increase availability and acceptance of ways to conduct business in a 24/7 environment; and
- o Maintain a highly skilled and knowledgeable workforce.

The Real Estate Division handles the assessment of all real estate taxes due to annual property value changes associated with appreciation/depreciation and value increases due to normal 'growth' or construction. Staff appraisers handle residential and commercial properties, which account for more than 50 percent of all General Fund revenue. Like the rest of Northern Virginia, Fairfax County has experienced strong market appreciation for residential properties over the past couple of years. Robust value increases, along with numerous property sales, translate into significant workload. Refinancing, remodeling and construction work also present a significant challenge to staff in that a visit to the property is often necessary to ensure accurate property descriptions and assessment. High vacancy rates in the commercial sector have resulted in a declining commercial base, thereby complicating non-residential property valuation. This division will continue to implement a major computer replacement project throughout FY 2004 and into FY 2005, as staff works with a private vendor to replace the County's 1970's mainframe assessment system. Real estate payment information may be available on-line using the new system in FY 2005, and FY 2006 will be the first year values are established using the new system.



The Personal Property and Business License Division assesses all vehicle and business personal property taxes and administers the Business, Professional and Occupational License (BPOL) tax. Workload in this division is driven predominantly by continued population gains over the past decade and the condition of the automobile sales market. The transient nature of Northern Virginia also impacts workload as all vehicle changes (i.e., moves, sales, purchases) must be recorded to ensure an accurate vehicle tax file. Greater use of Department of Motor Vehicles (DMV) record matching provides some help in quality control over the vehicle tax file. Quality control efforts concerning the vehicle database will continue to be a high priority in FY 2005, along with quality control efforts required by state law under the Personal Property Tax Relief Act (PPTRA), commonly referred to as the state "Car Tax" legislation. While much of the valuation is automated, and records are matched to the Virginia DMV, this division still has an enormous volume of customer contacts.

## Department of Tax Administration


This division also staffs DTA's main telephone call center, which receives more than 500,000 phone calls a year. It should also be noted that calls coming into the call center cross internal division boundaries. Overlap in customer service also extends to a certain amount of taxpayer correspondence, although DTA has been promoting an increasing shift to e-mail contact, which is handled more proportionately by each appropriate division. The volume of business tax workload remains constant, except that the complexity of tax administration has increased in the last few years due to various court cases, state tax department rulings and the economic conditions.

The Revenue Collection Division is responsible for all billing, collection and account reconciliation activities. Staff is split between current year cashing, deposit operations, and delinquent tax collection, and handles well over 1.5 million billing transactions per year. The workload in this division is also influenced significantly by population and economic conditions. Staff works to ensure current year collection rates are maintained as this provides necessary revenue and helps minimize the amount of unpaid receivables accumulated over time. Each year outstanding receivables are also collected as delinquent revenue. Collection work is a function of data accuracy (i.e., finding and contacting the property owner) and the economy. As the economy falters, collecting can become more difficult. For example, bankruptcies have increased significantly in the last few years particularly among public service companies in the telecommunication industry. This makes collection work harder and impacts the collection rates. Conversely, the strong real estate market combined with unusually low interest rates has stimulated a wave of refinancing, helping to boost real estate collections. Along with other collection tools, some delinquent accounts are outsourced to private collection agents. Assistance is also provided by the County Attorney's Office and the Office of the Sheriff. The Fairfax County Police Department also tows vehicles with outstanding parking tickets. Additionally, this division staffs the full service counters at the Government Center and forwards the relevant paperwork to the appropriate division for processing. When customer traffic at the Government Center is extremely heavy, employees are redeployed to front-line cashing service irrespective of division in an effort to provide responsive customer service. Similar efforts are made to staff DTA telephones. Efforts to reduce walk in traffic include the promotion of on-line registration of new vehicles and the Advance Decal Program. This division has also enhanced customer service and increased cash accountability by partial implementation a new cashing system in FY 2004. Implementation will be completed in FY 2005 when the system is fully integrated with the new real estate computer system.

### New Initiatives and Recent Accomplishments in Support of the Fairfax County Vision

 <b>Connecting People and Places</b>	<b>Recent Success</b>	<b>FY 2005 Initiative</b>	<b>Cost Center</b>
Continue to provide citizens convenient access to information by providing real estate sales data and assessment information on-line.	✓	✓	Real Estate
 <b>Corporate Stewardship</b>	<b>Recent Success</b>	<b>FY 2005 Initiative</b>	<b>Cost Center</b>
Replace antiquated mainframe assessment system with a new computer appraisal system, which will assist staff to establish real estate values more efficiently and potentially allow payment information to be made available on-line.	✓	✓	Real Estate/ Revenue Collection
Target program streamlined to allow on-line reporting of potential tax evaders. The resulting database is matched to the Department of Motor Vehicles' records, thereby eliminating the manual research previously conducted by staff.	✓	✓	Personal Property

## Department of Tax Administration

 <b>Corporate Stewardship</b>	<b>Recent Success</b>	<b>FY 2005 Initiative</b>	<b>Cost Center</b>
Secure and confidential access to vehicle records on-line permits vehicle owners to adjust their accounts such as change in address or vehicle ownership on-line, thereby saving staff time and increasing the accuracy of the information in the vehicle tax file.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Personal Property
Continue to streamline and improve taxpayer knowledge and compliance with Personal Property Tax Relief Act (PPTRA) and work toward more cost-effective verification and audit procedures to ensure DTA's compliance with administrative guidelines as implemented by the PPTRA Compliance Program.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Personal Property
Continue the Advance Decal Sales Program, which eliminated a second mailing to vehicle owners, thereby saving staff time and postage costs.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Personal Property/ Revenue Collection
Continue outsourcing most parking ticket collection operations to private agents.	<input checked="" type="checkbox"/>		Revenue Collection

# Department of Tax Administration

## Budget and Staff Resources

Agency Summary					
Category	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan	FY 2005 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	325/ 325	309/ 309	310/ 310	310/ 310	310/ 310
Expenditures:					
Personnel Services	\$15,154,339	\$15,321,318	\$15,321,318	\$16,011,082	\$16,011,082
Operating Expenses	4,323,659	4,606,103	4,846,333	5,263,870	5,232,714
Capital Equipment	19,032	0	15,196	0	0
<b>Total Expenditures</b>	<b>\$19,497,030</b>	<b>\$19,927,421</b>	<b>\$20,182,847</b>	<b>\$21,274,952</b>	<b>\$21,243,796</b>
Income:					
Land Use Assessment					
Application Fees	\$725	\$600	\$600	\$600	\$600
County Fee - Administrative					
- Collection of Delinquent					
Taxes	0	0	37,500	37,500	37,500
Attorney Fee - Collection of					
Delinquent Taxes	0	0	37,500	37,500	37,500
RMA Collection Agency					
Fee	0	0	150,000	75,000	75,000
State Set-Off Debt Service	0	0	238,000	100,000	100,000
State Shared DTA Expenses	1,966,788	1,905,890	1,905,890	1,905,890	1,905,890
State Shared Retirement -					
DTA	57,967	58,953	58,953	58,953	58,953
<b>Total Income</b>	<b>\$2,025,480</b>	<b>\$1,965,443</b>	<b>\$2,428,443</b>	<b>\$2,215,443</b>	<b>\$2,215,443</b>
<b>Net Cost to the County</b>	<b>\$17,471,550</b>	<b>\$17,961,978</b>	<b>\$17,754,404</b>	<b>\$19,059,509</b>	<b>\$19,028,353</b>

## FY 2005 Funding Adjustments

The following funding adjustments from the FY 2004 Revised Budget Plan are necessary to support the FY 2005 program:

- ◆ **Employee Compensation** **\$635,434**  
 An increase of \$635,434 in Personnel Services associated with salary adjustments necessary to support the County's compensation program.
- ◆ **Tax Relief Applications Review** **\$54,330**  
 An increase of \$54,330 in Personnel Services for five additional seasonal employees in the Tax Relief section to review the long-form tax relief applications. The State requires that long form-tax relief applications be reviewed every three years, and the elimination of three full time positions resulted in a shortage of staff to complete this triennial requirement. In addition, an increase in applications is anticipated due to the allowable asset change approved by the Board of Supervisors as part of the FY 2003 Carryover Review.
- ◆ **Contract Maintenance Agreements** **\$135,000**  
 An increase of \$135,000 in Operating Expenses for maintenance and license fees associated with the new Real Estate and Cashiering system which is expected to be completed in FY 2004.

## Department of Tax Administration

- ◆ **Other Operating Expenses** **\$522,767**  
An increase in Operating Expenses is associated with County mainframe computer charges of \$516,661 based on prior year usage of mainframe applications and agency specific software applications operated from the mainframe and \$6,106 based on an increase in the County's auto mileage rate to 36 cents per mile.
- ◆ **Carryover Adjustments** **(\$240,230)**  
A decrease of \$240,230 in Operating Expenses due to the carryover of one-time expenses as part of the FY 2003 Carryover Review.

### Board of Supervisors' Adjustments

*The following funding adjustments reflect all changes to the FY 2005 Advertised Budget Plan, as approved by the Board of Supervisors on April 26, 2004:*

- ◆ **Postage** **(\$31,156)**  
A decrease in Operating Expenses of \$31,156 is associated with reducing postage by streamlining the Filing by Exception Process (FBE) by sending out post cards instead of letters to taxpayers regarding their vehicles. This complies with the State law requirement of notifying taxpayers who own vehicles once a year. Taxpayers would be required to check and correct their information on-line or call in and have a hard copy sent to them to correct their changes.

### Changes to FY 2004 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the *FY 2004 Revised Budget Plan* since passage of the FY 2004 Adopted Budget Plan. Included are all adjustments made as part of the FY 2003 Carryover Review and all other approved changes through December 31, 2003:

- ◆ **Carryover Adjustments** **\$255,426**  
As part of the *FY 2003 Carryover Review*, the Board of Supervisors approved encumbered funding of \$248,089 in Operating Expenses and \$7,337 in Capital Equipment.

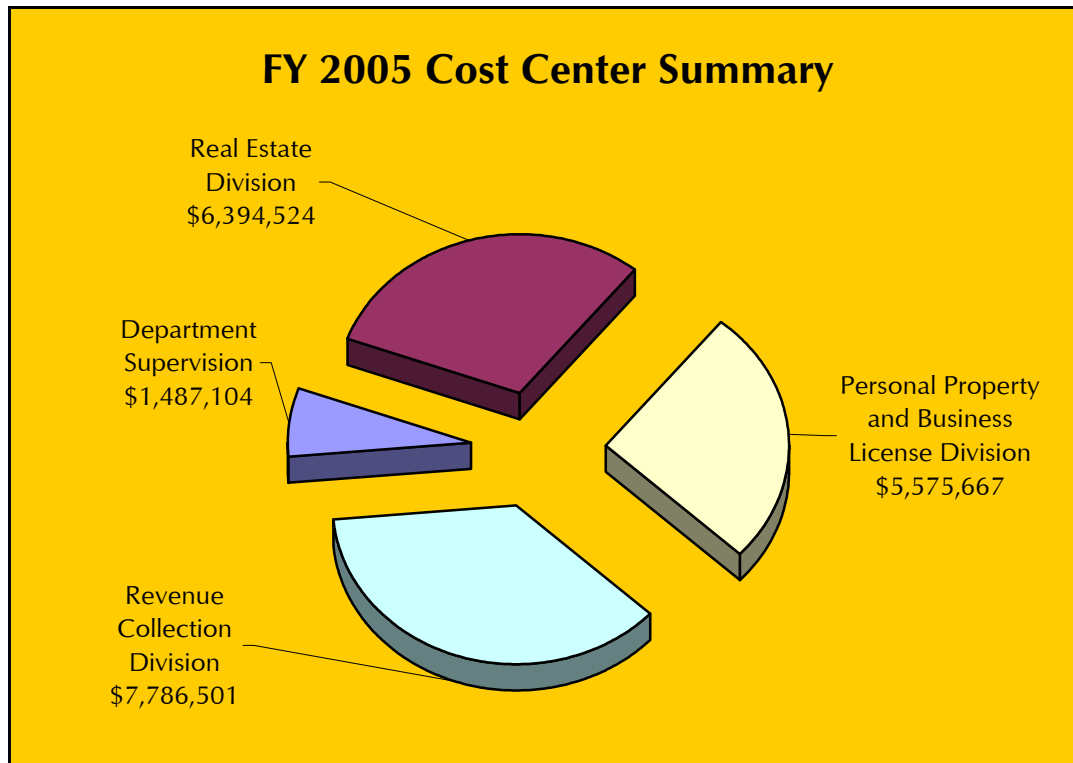
*The following funding adjustments reflect all approved changes to the FY 2004 Revised Budget Plan from January 1, 2004 through April 19, 2004. Included are all adjustments made as part of the FY 2004 Third Quarter Review:*

- ◆ The Board of Supervisors made no adjustments to this agency.

# Department of Tax Administration

## Cost Centers

The Department of Tax Administration is comprised of four cost centers: Department Supervision, Real Estate, Personal Property and Business License, and Revenue Collection. These four cost centers work together to fulfill the mission of the Department and carry out the key initiatives for the fiscal year. The Personal Property Division includes the Department's main call center that provides customer service support across divisional boundaries.



## Department Supervision

Funding Summary					
Category	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan	FY 2005 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	11/ 11	11/ 11	11/ 11	11/ 11	11/ 11
<b>Total Expenditures</b>	<b>\$1,475,278</b>	<b>\$1,301,153</b>	<b>\$1,339,695</b>	<b>\$1,487,104</b>	<b>\$1,487,104</b>

Position Summary					
1	Director of Tax Administration	<u>Department Technical Section</u>	2	IT Technicians II	
1	Administrative Assistant IV	1	Management Analyst IV	1	Administrative Assistant IV
		3	Programmer Analysts III	1	Administrative Assistant III
		1	Management Analyst II		
<b>TOTAL POSITIONS</b>					
11 Positions / 11.0 Staff Years					

# Department of Tax Administration

## Key Performance Measures

### Goal

To administer, supervise, and adjudicate the assessment, levy, and collection of all taxes that are charged to citizens and businesses of Fairfax County in order to ensure full compliance with the Virginia Constitution, State and County codes and to provide for the funding of the public need as established through the annual budget process.

### Objectives

- ◆ To enhance taxpayer convenience by supporting an increase of at least 10 percent per year in 24X7 e-commerce transactions.
- ◆ To accurately forecast current real estate, personal property, and Business, Professional and Occupational License taxes to achieve a variance of 2.0 percent or less between estimated and actual revenues.
- ◆ To provide high quality customer service as measured by an average wait time of less than 2 minutes on the phone and at least a 3.8 point satisfaction rating (on a 4-point scale) by DTA customers.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate/Actual	FY 2004	FY 2005
<b>Output:</b>					
24X7 e-commerce transactions	7,773	82,623	NA / 164,760	318,149	369,473
Real Estate, Personal Property, and BPOL Tax Revenues (in billions)	\$1.614	\$1.775	\$1.936 / \$1.938	\$2.045	\$2.217
Phone calls received	528,425	536,958	NA / 575,007	613,978	580,000
<b>Efficiency:</b>					
Cost per \$1,000 collected	\$13.82	\$12.58	\$12.27 / \$10.28	\$10.15	\$10.25
Cost per phone call	\$2.16	\$2.20	NA / \$2.11	\$2.09	\$2.22
<b>Service Quality:</b>					
Average wait time on phone in minutes: seconds	0:51	1:00	NA / 1:29	4:45	4:00
Average rating of DTA services by customers	NA	NA	NA / NA	3.8	3.8



## Department of Tax Administration

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate/Actual	FY 2004	FY 2005
<b>Outcome:</b>					
Percent change in 24X7 e-commerce transactions	NA	NA	NA / NA	NA	16.1%
Percent variance between estimated and actual revenues	0.6%	0.4%	2.0% / 0.1%	2.0%	2.0%
Percentage of phone calls answered	94.0%	94.3%	NA / 91.0%	80.0%	85.0%

### Performance Measurement Results

In accordance with DTA's strategic plan to promote taxpayer empowerment and more convenient access to information, new performance measures have been developed to assess e-commerce efforts. While these data have been tracked internally for several years, the tremendous growth in the use of technology has resulted in a very uneven pattern. It is anticipated, however, that this should normalize. As a result, a goal of 10 percent growth in 24/7 e-commerce transactions has been set as an overall objective for DTA, with a more significant increase of 16.1 percent in FY 2005. The new 24/7 e-commerce transactions include emails to DTA; on-line vehicle registrations; automated tax evader tips; e-check payments; and, on-line credit card payments.

In FY 2003, DTA continued to provide Senior County management with timely and sound reports with which to forecast county revenues. As a result, the variance between estimated and actual revenues for Real Estate, Personal Property and Business, Professional and Occupational License Taxes was only 0.1 percent, much lower than the target ceiling of 2.0 percent. Staff will continue to monitor these revenue categories closely and provide accurate estimates.

To better assess customer service, new data on phone calls have been added to DTA's performance measures. Phone calls have been increasing with the population and with the rise in real estate assessments. Also, in FY 2003, phone calls increased significantly due to a change in process in which vehicle decals were mailed to taxpayers with their bill. While similar increases in the number of phone calls are not anticipated in the near term, a significant rise in the wait time is due to budget and staff reductions in other sections of the Department that customarily provided supplemental phone support. As a result, average wait times of more than four minutes are currently being logged and the Department is unable to achieve its target of having a taxpayer wait on the phone less than two minutes.

The Department's current survey tool will be redesigned in FY 2005 to more accurately assess customer service. Based on the current survey instrument to date, citizens routinely rate DTA very high in customer service (greater than 3.0 on a scale of 4.0).

# Department of Tax Administration

## Real Estate Division



Funding Summary					
Category	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan	FY 2005 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	97/ 97	97/ 97	98/ 98	98/ 98	98/ 98
<b>Total Expenditures</b>	<b>\$5,772,700</b>	<b>\$6,100,781</b>	<b>\$6,108,836</b>	<b>\$6,394,524</b>	<b>\$6,394,524</b>

Position Summary					
1 Director of Real Estate		<u>Residential Appraisal</u>		<u>Clerical Support Branch</u>	
2 Assistant Directors	7	Supervising Appraisers		1 Real Estate Records Mgr.	
1 Administrative Assistant III	13	Senior Appraisers		2 Administrative Assistants V	
1 Administrative Assistant II	23	Appraisers		3 Administrative Assistants IV	
1 Management Analyst III				16 Administrative Assistants III	
				3 Administrative Assistants II	
<u>Board of Real Estate</u>	4	<u>Commercial Appraisal</u>			
<u>Assessments Equalization</u>	17	Supervising Appraisers		<u>Tax Relief</u>	
1 Administrative Assistant III		Senior Appraisers		1 Management Analyst II	
				1 Business Tax Specialist II	
<b>TOTAL POSITIONS</b>					
<b>98 Positions / 98.0 Staff Years</b>					

## Key Performance Measures

### Goal

To assess and update all real property in the County in a fair and equitable manner to ensure that each taxpayer bears his or her fair share of the real property tax burden.

### Objectives

- ◆ To assess property at fair market value as measured by an average assessment-to-sales ratio in the low 90's.
- ◆ To equitably assess properties by maintaining a minimum coefficient of dispersion of 6.0.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate/Actual	FY 2004	FY 2005
<b>Output:</b>					
Parcels assessed	330,252	333,209	337,000 / 337,350	341,500	345,500
<b>Efficiency:</b>					
Cost per parcel assessed	\$18.17	\$19.87	\$21.38 / \$20.95	\$21.85	\$22.05
Parcels per appraiser	7,180	6,207	6,358 / 6,747	6,830	6,910
<b>Service Quality:</b>					
Assessment/Sales ratio	89.9%	89.9%	91.2% / 91.2%	91.5%	92.0%
<b>Outcome:</b>					
Coefficient of Dispersion	5.7	6.2	6.1 / 6.1	6.0	6.0

# Department of Tax Administration

## Performance Measurement Results

FY 2003 data indicate an assessment-to-sales ratio of 91.2 percent. This is well within the target of the low 90's and reflects the Department's assessment of real estate at fair market value. Further evidence of DTA's fair and equitable assessment practices is found in the low coefficient of dispersion of 6.1 in FY 2003. A low coefficient indicates that similar properties are assessed similarly and, hence, equitably. A coefficient of 15 is considered good, while a value in the 5 to 15 range indicates excellent uniformity.

## Personal Property and Business License Division

Funding Summary					
Category	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan	FY 2005 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	125/ 125	112/ 112	113/ 113	113/ 113	113/ 113
<b>Total Expenditures</b>	<b>\$5,397,381</b>	<b>\$5,339,450</b>	<b>\$5,339,450</b>	<b>\$5,575,667</b>	<b>\$5,575,667</b>

Position Summary			
1 Director	<u><b>Tax Discovery and Compliance</b></u>		<u><b>Central Telephones and</b></u>
1 Assistant Director	2 Management Analysts II		<u><b>Records Management</b></u>
1 Management Analyst III	5 Auditors III		1 Management Analyst II
1 Administrative Assistants III	2 Auditors II		4 Administrative Assistants IV
1 Administrative Assistant II	11 Business Tax Specialists II		30 Administrative Assistants III
	1 Administrative Assistant IV		6 Administrative Assistants I
	8 Administrative Assistants III		
	1 Administrative Assistant I		
			<u><b>Business Taxes</b></u>
<u><b>Vehicle Assessments</b></u>			1 Accountant II
1 Management Analyst II			15 Administrative Assistants III
2 Administrative Assistants III			2 Administrative Assistants V
16 Administrative Assistants II			
<b>TOTAL POSITIONS</b>			
113 Positions / 113.0 Staff Years			

## Key Performance Measures

### Goal

To establish and maintain an equitable and uniform basis for assessing County ad valorem taxes on personal property; and to administer County licenses, State Income Tax, and all other State and County programs assigned to the Division in accordance with mandated statutes.

### Objectives

- ◆ To maintain the cost per Personal Property and BPOL dollar levied at or below \$0.01 with no degradation in accuracy as measured by exonerated assessments as a percent of total assessments.
- ◆ To achieve the highest degree of accuracy in personal property and business license assessment such that exonerations do not exceed 5 percent of annual levy.

# Department of Tax Administration

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate/Actual	FY 2004	FY 2005
<b>Output:</b>					
Total tax levy for Personal Property and BPOL	\$529,721,540	\$561,807,888	\$562,612,627 / \$568,959,764	\$566,020,048	\$567,944,163
Value of Personal Property and BPOL tax bills adjusted	\$23,136,519	\$22,310,357	\$25,334,066 / \$30,883,749	\$23,585,013	\$22,511,003
<b>Efficiency:</b>					
Cost per tax dollar levied	\$0.01	\$0.01	\$0.01 / \$0.01	\$0.01	\$0.01
<b>Service Quality:</b>					
Exonerations as a percent of total assessments	4.4%	4.0%	4.5% / 5.4%	4.2%	4.0%

## Performance Measurement Results

In FY 2003, the cost per dollar of personal property and BPOL levy was \$0.01 and consistent with the target. For the great majority of property, exonerations were kept at a level below 5 percent of the total tax levy. Exonerations occur after a record has been assessed and levied. Although some level of records will always change after-the-fact due to proration, the goal is to bill records right the first time and minimize subsequent adjustments. Unavoidably, exonerations are slightly over the 5 percent level in FY 2003 due to a ruling by the Virginia Supreme Court in a case that affected the personal property taxation of certain equipment used by newspaper publishers.

## Revenue Collection Division

Funding Summary					
Category	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan	FY 2005 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	92/ 92	89/ 89	88/ 88	88/ 88	88/ 88
<b>Total Expenditures</b>	<b>\$6,851,671</b>	<b>\$7,186,037</b>	<b>\$7,394,866</b>	<b>\$7,817,657</b>	<b>\$7,786,501</b>

Position Summary					
1 Director	31	Administrative Assistants III		<b><u>Billing, Taxes Reconciliation, and Mass Pay</u></b>	
1 Management Analyst IV	1	Administrative Assistant I			
1 Administrative Assistant III				1	Accountant II
1 IT Technician II				3	Management Analysts II
		<b><u>Cashiering</u></b>		4	Administrative Assistants V
	1	Accountant III		9	Administrative Assistants III
<b><u>Delinquent Tax Collections</u></b>	1	Accountant II		2	Administrative Assistants II
1 Management Analyst III	1	Administrative Assistant V			
2 Management Analysts II	3	Administrative Assistants IV			
2 Administrative Assistants V	16	Administrative Assistants III			
6 Administrative Assistants IV					
<b><u>TOTAL POSITIONS</u></b>					
<b>88 Positions / 88.0 Staff Years</b>					

# Department of Tax Administration

## Key Performance Measures

### Goal

To bill and collect taxes while providing quality customer service, in order to maximize General Fund revenue with accountability and minimize the overall tax burden by maintaining low delinquency rates.

### Objectives

- ◆ To maintain a minimum 99.65 percent collection rate for current year real estate taxes, 97.46 percent for current year personal property taxes, and 98.00 percent for Business, Professional, and Occupational License (BPOL) taxes.
- ◆ To maintain at least 30 percent collection of accounts receivable (i.e., unpaid taxes from prior years), while maintaining a cost per delinquent dollar collected of no more than \$0.18.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate/Actual	FY 2004	FY 2005
<b>Output:</b>					
Current year taxes collected: Real Estate (in millions)	\$1,079.3	\$1,226.0	\$1,385.2 / \$1,387.7	\$1,491.4	\$1,617.0
Current year taxes collected: Personal Property (in millions)	\$427.5	\$457.9	\$459.0 / \$457.2	\$461.3	\$460.6
Current year taxes collected: BPOL (in millions)	\$89.3	\$91.3	\$91.3 / \$93.4	\$95.8	\$99.6
Delinquent taxes collected: Real Estate	\$6,713,396	\$7,223,765	\$6,879,238 / \$8,863,905	\$7,449,597	\$6,879,238
Delinquent taxes collected: Personal Property	\$9,807,844	\$13,519,292	\$10,650,000 / \$9,307,036	\$10,291,872	\$8,200,559
Delinquent taxes collected: BPOL	\$1,459,796	\$1,595,541	\$500,000 / \$2,443,614	\$2,493,729	\$1,000,000
<b>Efficiency:</b>					
Cost per current dollar collected	\$0.004	\$0.004	\$0.004 / \$0.004	\$0.004	\$0.004
Cost per delinquent dollar collected	\$0.11	\$0.11	\$0.15 / \$0.11	\$0.15	\$0.18
<b>Service Quality:</b>					
Percent of bills deliverable	99.4%	99.4%	99.4% / 96.0%	97.0%	97.0%

## Department of Tax Administration

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate/Actual	FY 2004	FY 2005
<b>Outcome:</b>					
Percent of current year taxes collected: Real Estate	99.53%	99.65%	99.50% / 99.63%	99.65%	99.65%
Percent of current year taxes collected: Personal Property	97.05%	96.69%	96.93% / 96.73%	97.45%	97.46%
Percent of current year taxes collected: BPOL	98.50%	98.02%	98.00% / 98.49%	98.00%	98.00%
Percent of accounts receivable collected	22%	29%	30% / 26%	30%	30%

### Performance Measurement Results

Collection rates remain especially strong in all tax categories and in the collection of unpaid parking tickets. The collection rate for real estate taxes was 99.63 percent in FY 2003, reflecting not only the work of this division but also the surge in property refinancing due to a record drop in mortgage interest rates. The collection rate for personal property of 96.73 percent in FY 2003 was slightly less than the target of 96.93 percent. Personal Property Tax collections include taxes assessed locally by DTA and Public Service Corporation (PSC) taxes assessed by the state, but billed and collected by DTA. PSC companies normally pay 100 percent of the taxes due. However, increased PSC bankruptcies had a negative impact on FY 2003 collections. If the PSC delinquencies were excluded, the FY 2003 collection rate would have been 97.25 percent in FY 2003. No adjustments are recommended to the FY 2004 and FY 2005 personal property collection rate targets as bankruptcies are expected to normalize in concert with an improving economy. A collection rate of 98.49 percent was achieved for business, professional and occupational license taxes in FY 2003, exceeding the target of 98.00 percent. Strong collections are anticipated to continue in FY 2004 and FY 2005.

The cost per delinquent dollar collected was \$0.11 in FY 2003, four cents below the target. Increases are anticipated in FY 2004 and FY 2005 as the higher collection rates on current taxes typically means that the delinquent accounts that do exist are smaller in dollar value and typically more difficult to collect.